United Nations A/67/435/Add.1

General Assembly

Distr.: General
17 December 2012
English
Original: French

Sixty-seventh session
Agenda item 18 (a)

Macroeconomic policy questions: international trade and development

Report of the Second Committee*

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I. Introduction

1. The Second Committee held a substantive debate on agenda item 18 (see A/67/435, para. 2). Action on sub-item (a) was taken at the 29th and 36th meetings, on 15 November and 12 December 2012. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/67/SR.29 and 36).

II. Consideration of draft resolutions A/C.2/67/L.23 and A/C.2/67/L.60

2. At the 29th meeting, on 15 November, the representative of Algeria, on behalf of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/67/L.23), which read:

"*The General Assembly*,

"*Recalling* its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002, 58/197 of 23 December 2003, 63/203 of 19 December 2008 and 66/185 of 22 December 2011 on international trade and development,

"*Noting* its resolutions 59/221 of 22 December 2004, 60/184 of 22 December 2005, 61/186 of 20 December 2006, 62/184 of 19 December 2007, 64/188 of 21 December 2009 and 65/142 of 20 December 2010 on international trade and development,

* The report of the Committee on this item is being issued in four parts, under the symbol A/67/435 and Add.1-3.

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"*Recalling* the United Nations Millennium Declaration, as well as the outcomes of the International Conference on Financing for Development and the World Summit on Sustainable Development, the 2005 World Summit Outcome and the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,

"*Recalling also* the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,

"*Recalling further* the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome document,

"*Recalling* the Fourth United Nations Conference on the Least Developed Countries and its outcome documents,

"*Recalling also* the outcome document of the United Nations Conference on Sustainable Development, entitled 'The future we want',

"*Recalling further* the thirteenth session of the United Nations Conference on Trade and Development, held in Doha from 21 to 26 April 2012, and its outcome documents,

"*Reaffirming* the value of multilateralism to the global trading system and the commitment to achieving a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment generation in all sectors, and emphasizing that bilateral and regional trading arrangements should contribute and be complementary to the goals of the multilateral trading system,

"*Reiterating* that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of all developing countries, including least developed countries, at the heart of the Doha Work Programme,

"*Noting* that agriculture lags behind the manufacturing sector in the process of the establishment of multilateral disciplines and in the reduction of tariff and non-tariff barriers and that, since most of the poor in developing countries make their living from agriculture, the livelihood and standards of living of many of them are seriously jeopardized by the serious distortions in production and trade in agricultural products caused by protectionism, in particular through export subsidies and trade-distorting domestic support measures,

"*Recalling* the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries,

"*Recognizing* the importance of competition policies and legislation in order to enhance the international competitiveness of developing countries,

"*Expressing deep concern* about the adverse impacts, particularly on development, of the ongoing world financial and economic crisis, cognizant that the global economy is entering a challenging new phase with significant downside risks, including the turbulence in global financial and commodity markets and widespread fiscal strains, that threaten the global economic

recovery, and stressing the need to continue to address systemic fragilities and imbalances and the need for continuing efforts to reform and strengthen the international financial system,

"*Noting* that while some developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks, recalling the commitments made to support strong, sustainable, balanced and inclusive growth, and reaffirming the need to work cooperatively to meet development commitments to achieve the Millennium Development Goals by 2015,

"*Concerned* that excessively expansionary monetary policies and the ensuing competitive currency devaluations pursued by developed countries have an effect equivalent to across-the-board export subsidy and a generalized increase in import tariffs, which thus nullify or impair existing World Trade Organization market access commitments and further hinder the capacity of developing countries to achieve the internationally agreed development goals, including the Millennium Development Goals,

"1. *Takes note* of the report of the Trade and Development Board and the report of the Secretary-General;

"2. *Reaffirms* that international trade is an engine for development and sustained economic growth, and also reaffirms the critical role that a universal, rules-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can play in stimulating economic growth and development worldwide, thereby benefiting all countries at all stages of development;

"3. *Emphasizes* the need to resist protectionist tendencies and to rectify any trade-distorting measures already taken that are inconsistent with World Trade Organization rules, recognizing the right of countries, in particular developing countries, to fully utilize their policy space and other flexibilities consistent with their World Trade Organization commitments and obligations;

"4. *Expresses serious concern* at the lack of progress in the Doha Round of World Trade Organization negotiations, reiterates the call for the necessary flexibility and political will in order to break the current impasse in the negotiations, and in this regard calls for a balanced, ambitious, comprehensive and development-oriented outcome of the Doha Development Agenda multilateral trade negotiations, in keeping with the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration adopted by the World Trade Organization in 2005;

"5. *Recognizes* the importance of the decision adopted at the Eighth Ministerial Conference of the World Trade Organization, held in Geneva in December 2011, to allow members of that organization to provide preferential treatment to services and suppliers from the least developed countries;

"6. *Welcomes* the convening of the Ninth Ministerial Conference of the World Trade Organization, to be held in Bali, Indonesia in the first week of December 2013;

"7. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization relating to the least developed countries, and encourages developed countries and developing countries, declaring themselves in a position to do so, to take steps towards the goal of realizing the timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with the Hong Kong Ministerial Declaration;

"8. *Emphasizes* the full, timely and effective implementation of the relevant provisions of the Programme of Action for the Least Developed Countries for the Decade 2011-2020;

"9. *Reaffirms* the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries, including by providing technical and financial assistance to such countries to improve their agricultural productivity and infrastructure;

"10. *Stresses* that, in order for the Doha Round to be concluded satisfactorily, the negotiations should strengthen the rules and disciplines in the area of agriculture, eliminate agricultural export subsidies, substantially reduce the domestic measures of support that affect the interest of developing countries and promote enhanced market access for them, in a balanced and development-oriented outcome, while adhering to the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

"11. *Also stresses* the need to remove food export restrictions and extraordinary taxes on food purchased for non-commercial, humanitarian purposes by the World Food Programme, and to not impose them in the future;

"12. *Recognizes* the particular challenges that may be faced by small, vulnerable economies to fully benefit from the multilateral trading system in a manner commensurate with their special circumstances, and in this regard encourages progress in the implementation of the World Trade Organization work programme on small economies, as mandated in the 2001 Doha Ministerial Declaration and the 2005 Hong Kong Ministerial Declaration, which supports their efforts towards sustainable development;

"13. *Stresses* the need to identify and address the differential impact of trade policies on women and men, incorporate gender perspectives in the formulation, implementation and evaluation of trade policies, develop strategies to expand trade opportunities for women producers and facilitate the active participation of women in national, regional and international trade decision-making structures and processes;

"14. *Reaffirms* the commitment to address the special development needs of and the challenges faced by landlocked developing countries, and calls for the full, timely and effective implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries, in accordance with the Declaration of the high-level meeting of the sixty-third session of the General Assembly on the midterm review of the Almaty Programme of Action;

"15. *Expresses deep concern* at the imposition of laws and other forms of coercive economic measures, including unilateral sanctions, against developing countries, which undermine international law and the rules of the World Trade Organization and also severely threaten freedom of trade and investment, and in this regard urges States to refrain from enacting and implementing such measures that hamper the full achievement of economic and social development, as well as trade in developing countries;

"16. *Notes* the holding in Geneva on 18 and 19 July 2011 of the Third Global Review of Aid for Trade, aimed at reviewing progress achieved and identifying additional measures needed to support developing and least developed countries in building their supply and export capacities, and stresses the need to implement the aid-for-trade commitments;

"17. *Recognizes* that South-South trade should be strengthened, notes that enhanced market access between developing countries can play a positive role in stimulating South-South trade, and in this regard, inter alia, takes note of the conclusion of the third round of the Global System of Trade Preferences among Developing Countries, by the adoption, on 15 December 2010, of the São Paulo Round Protocol;

"18. *Reiterates* the important role of the United Nations Conference on Trade and Development as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, invites the Conference to continue working to enhance its contribution in its three major pillars, namely, consensus-building, research and policy analysis, and technical assistance, and calls upon the international community to work towards the strengthening of the Conference;

"19. *Invites* the United Nations Conference on Trade and Development to continue, in accordance with its mandate, to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and in particular to analyse issues of concern to developing countries, placing greater emphasis on practical solutions, to undertake policy analysis, including from a gender perspective, to work with all relevant stakeholders and to support developing countries in building productive national capacities and international competitiveness, including through technical assistance activities;

"20. *Welcomes* the convening and the outcomes of the thirteenth session of the United Nations Conference on Trade and Development on the theme 'Development-centred globalization: towards inclusive and sustainable growth and development';

"21. *Recognizes* the role of the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries;

"22. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-eighth session a report on the implementation of the present resolution and developments in the multilateral trading system, including their impact on women and men, under the sub-item entitled

'International trade and development' of the item entitled 'Macroeconomic policy questions';

"23. *Also requests* the Secretary-General to transmit the present resolution to the Director-General of the World Trade Organization."

3. At its 36th meeting, on 12 December, the Committee had before it a draft resolution entitled "International trade and development" (A/C.2/67/L.60), submitted by the Vice-Chair of the Committee, Mr. Stefano Stefanile (Italy), on the basis of informal consultations held on draft resolution A/C.2/67/L.23.

4. At the same meeting, on the proposal of the Chair, the Committee agreed to waive the relevant provisions of rule 120 of the rules of procedure of the General Assembly and to proceed to act on the draft resolution.

5. Also at the same meeting, the Committee was informed that draft resolution A/C.2/67/L.60 had no programme budget implications.

6. At the same meeting, the representative of Morocco, in his capacity as the facilitator of draft resolution A/C.2/67/L.60, orally corrected the draft resolution by deleting the words "including by providing technical and financial assistance to such countries to improve their agricultural productivity and infrastructure" at the end of operative paragraph 10.

7. Also at its 36th meeting, the Committee adopted draft resolution A/C.2/67/L.60, as orally corrected (see para. 9).

8. In the light of the adoption of draft resolution A/C.2/67/L.60, draft resolution A/C.2/67/L.23 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

9. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International trade and development

The General Assembly,

Recalling its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002, 58/197 of 23 December 2003, 63/203 of 19 December 2008 and 66/185 of 22 December 2011 on international trade and development,

Noting its resolutions 59/221 of 22 December 2004, 60/184 of 22 December 2005, 61/186 of 20 December 2006, 62/184 of 19 December 2007, 64/188 of 21 December 2009 and 65/142 of 20 December 2010 on international trade and development,

Recalling the United Nations Millennium Declaration,[1] as well as the outcomes of the International Conference on Financing for Development[2] and the World Summit on Sustainable Development,[3] the 2005 World Summit Outcome[4] and the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus,[5]

Recalling also the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome document,[6]

Recalling further the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome document,[7]

Recalling the Fourth United Nations Conference on the Least Developed Countries and its outcome documents,[8]

Recalling also the thirteenth session of the United Nations Conference on Trade and Development, held in Doha from 21 to 26 April 2012, and its outcome documents,[9]

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[1] Resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex, and resolution 2, annex.

[4] Resolution 60/1.

[5] Resolution 63/239, annex.

[6] Resolution 63/303, annex.

[7] Resolution 65/1.

[8] *Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011* (United Nations publication, Sales No. 11.II.A.1), chaps. I and II.

[9] See TD/500 and Corr.1 and Add.1 and 2.

Recalling further the United Nations Conference on Sustainable Development and its outcome document, entitled "The future we want",[10]

Reaffirming the value of multilateralism to the global trading system and the commitment to achieving a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment generation in all sectors, and emphasizing that bilateral and regional trading arrangements should contribute and be complementary to the goals of the multilateral trading system,

Reiterating that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of all developing countries, especially least developed countries, at the heart of the Doha Work Programme,[11]

Reaffirming that agriculture remains a fundamental and key sector for developing countries and noting the importance of working towards eliminating all forms of protectionism and the commitments to comprehensive negotiations aimed at substantial improvement in market access, substantial reduction in trade-distorting domestic support and the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect as provided in the mandate from the Doha Work Programme of the World Trade Organization, the framework adopted by the General Council of the World Trade Organization on 1 August 2004[12] and the Hong Kong Ministerial Declaration,[13]

Recalling the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries,[14]

Recognizing the importance of competition policy and legislation in order to enhance the international competitiveness of developing countries,

Expressing deep concern about the ongoing adverse impacts, particularly on development, of the world financial and economic crisis, cognizant that the global economy remains in a challenging phase with significant downside risks, including the turbulence in global financial and commodity markets and widespread fiscal strains, that threaten the global economic recovery, and stressing the need to continue to address systemic fragilities and imbalances and the need for continuing efforts to reform and strengthen the international financial system,

Noting that while some developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks, recalling the commitments made to support strong, sustainable, balanced and inclusive growth, and reaffirming the need to work cooperatively to meet development commitments to achieve the Millennium Development Goals by 2015,

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[10] Resolution 66/288, annex.

[11] See A/C.2/56/7, annex.

[12] World Trade Organization, document WT/L/579.

[13] World Trade Organization, document WT/MIN(05)/DEC.

[14] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

1. *Takes note* of the report of the Trade and Development Board[15] and the report of the Secretary-General;[16]

2. *Reaffirms* that international trade is an engine for development and sustained economic growth, and also reaffirms the critical role that a universal, rules-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can play in stimulating economic growth and development worldwide, thereby benefiting all countries at all stages of development;

3. *Emphasizes* the need to resist protectionist tendencies and to rectify any trade-distorting measures that are inconsistent with World Trade Organization rules, recognizing the right of countries, in particular developing countries, to fully utilize flexibilities consistent with their World Trade Organization commitments and obligations;

4. *Expresses serious concern* at the lack of progress in the Doha Round of World Trade Organization negotiations, reiterates the call for the necessary flexibility and political will in order to break the current impasse in the negotiations, and in this regard calls for a balanced, ambitious, comprehensive and development-oriented outcome of the Doha Development Agenda multilateral trade negotiations, in keeping with the development mandate of the Doha Ministerial Declaration,[11] the decision of 1 August 2004 of the General Council of the World Trade Organization[12] and the Hong Kong Ministerial Declaration adopted by the World Trade Organization in 2005;[13]

5. *Recognizes* the importance of the decisions of the Eighth Ministerial Conference of the World Trade Organization, held in Geneva in December 2011, including the decision to allow members of the World Trade Organization to provide preferential treatment to services and suppliers from the least developed countries;[17]

6. *Acknowledges* that trade has an important role in ensuring least developed countries' sustainable economic development and that the international trade architecture should continue to be supportive of and responsive to the special needs and priorities of least developed countries;

7. *Welcomes* the convening of the Ninth Ministerial Conference of the World Trade Organization, in Bali, Indonesia, to be held in the first week of December 2013;

8. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization relating to the least developed countries,[11] and encourages developed countries and developing countries, declaring themselves in a position to do so, to take steps towards the goal of realizing the timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with the Hong Kong Ministerial Declaration;

9. *Emphasizes* the full, timely and effective implementation of the relevant provisions of the Programme of Action for the Least Developed Countries for the Decade 2011-2020;[8]

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[15] See *Official Records of the General Assembly, Sixty-seventh session, Supplement No. 15* (A/67/15), parts I, II, III and V.

[16] A/67/184.

[17] World Trade Organization, document WT/L/847.

10. *Reaffirms* the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries;[14]

11. *Stresses* the need to remove food export restrictions and extraordinary taxes on food purchased for non-commercial, humanitarian purposes by the World Food Programme and to not impose them in the future;

12. *Also stresses* the need to increase investment from all sources in agriculture and rural development, including through the provision of technical and financial assistance, as appropriate, to least developed and net food-importing developing countries, with a view to increasing their agricultural productivity and infrastructure;

13. *Recognizes* the particular challenges that may be faced by small, vulnerable economies to fully benefit from the multilateral trading system in a manner commensurate with their special circumstances, and in this regard encourages progress in the implementation of the World Trade Organization work programme on small economies, as mandated in the 2001 Doha Ministerial Declaration and the 2005 Hong Kong Ministerial Declaration, which supports their efforts towards sustainable development;

14. *Stresses* the need to identify and develop strategies to expand trade opportunities for women producers and facilitate the active participation of women in national, regional and global trade decision-making structures and processes, thereby ensuring that women- and men-owned businesses and farms have equal opportunities in markets;

15. *Reaffirms* the commitment to address the special development needs of and the challenges faced by landlocked developing countries, and calls for the full, timely and effective implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries,[18] in accordance with the Declaration of the high-level meeting of the sixty-third session of the General Assembly on the midterm review of the Almaty Programme of Action;[19]

16. *Expresses concern* about the adoption of unilateral actions that are not consistent with the rules of the World Trade Organization, harm the exports of all countries, in particular those of developing countries, and have a considerable bearing on the ongoing World Trade Organization negotiations and on the achievement and further enhancement of the development dimension of the trade negotiations;

17. *Notes* the holding in Geneva on 18 and 19 July 2011 of the Third Global Review of Aid for Trade, aimed at reviewing progress achieved and identifying additional measures needed to support developing and least developed countries in building their supply and export capacities, and stresses the need to implement the aid-for-trade commitments with sufficient focus on results and impact;

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[18] *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/3), annex I.

[19] See resolution 63/2.

18. *Recognizes* that South-South trade should be strengthened, notes that enhanced market access between developing countries can play a positive role in stimulating South-South trade, and in this regard, inter alia, takes note of the conclusion of the third round of the Global System of Trade Preferences among Developing Countries, by the adoption, on 15 December 2010, of the São Paulo Round Protocol;[20]

19. *Reiterates* the important role of the United Nations Conference on Trade and Development as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, invites the Conference to continue working to enhance its contribution in its three major pillars, namely, consensus-building, research and policy analysis, and technical assistance, and calls upon the international community to work towards the strengthening of the Conference;

20. *Invites* the United Nations Conference on Trade and Development to continue, in accordance with its mandate, to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and in particular to analyse issues of concern to developing countries, placing greater emphasis on practical solutions, to undertake policy analysis, including from a gender perspective, to work with all relevant stakeholders and to support developing countries in building productive national capacities and international competitiveness, including through technical assistance activities;

21. *Welcomes* the convening and recalls the outcome of the thirteenth session of the United Nations Conference on Trade and Development,[9] held in Doha on the theme "Development-centred globalization: Towards inclusive and sustainable growth and development";

22. *Recognizes* the role of the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries;

23. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-eighth session a report on the implementation of the present resolution and developments in the multilateral trading system, including their impact on women and men, under the sub-item entitled "International trade and development" of the item entitled "Macroeconomic policy questions";

24. *Also requests* the Secretary-General to transmit the present resolution to the Director-General of the World Trade Organization.

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[20] United Nations Conference on Trade and Development, document SPR/NC/FOZ/3.